GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

WATER RESOURCES DEPARTMENT – AP WATER RESOURCES DEVELOPMENT CORPORATION – Furnishing of Government Guarantee to REC Ltd for drawl of loan of Rs. 2,746 Crores for execution of Electro Mechanical Works & Transmission Works and associated Civil Works in YSR PALNADU DROUGHT MITIGATION PROJECT – Orders – Issued.

WATER RESOURCES (ARB) DEPARTMENT

G.O. RT. No.115 **Dated: 29-03-2021**

Read the following:

1. From the Chief Program Manager, REC Ltd, Vijayawada Lr No. REC / RO / APWRDC / Irrigation / 20-21 / D. No. 62 Dt. 25-11-2020
2. From the Managing Director, APWRDC, Vijayawada Lr. No. 88 / MD / APWRDC / Bank Loans / 2017 Dt. 29-12-2020
3. From CGM, REC Ltd, New Delhi Lr. No. REC / CC / Gen-State / Andhra Pradesh / 2020-21 / 392 Dt. 26-3-2021
4. From the Managing Director, APWRDC, Vijayawada Lr No. 88 / MD / Bank Loans / March / 2021 Dt. 27-3-2021

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ORDER:

In the reference 1st read above, REC Ltd, have communicated their sanction Letter for Rs. 2,746 Crores to APWRDC for execution of Electro Mechanical Works & Transmission works (Sub stations and Lines) and associated Civil Works of YSR PALNADU DROUGHT MITIGATION PROJECT.

2. In the reference 2nd read above, the Managing Director, APWRDC has requested to issue fresh Government Order for borrowing Rs. 10,000 Crores for borrowing term loans from financial institutions / banks for new / ongoing projects including YSR PALNADU DROUGHT MITIGATION PROJECT.

3. In the reference 3rd read above, REC Ltd has communicated the interest rate as 10.60% p.a. & 10.35% p.a. on monthly rest during the construction period and post completion respectively.

4. In the reference 4th read above, the Managing Director, APWRDC has stated that as per Annexure-A of the sanction Letter (reference 1st read above) "the loan shall be guaranteed fully, unconditionally and irrevocably

by the guarantee of Government of Andhra Pradesh. The guarantee shall specifically cover repayment of REC's loan including interest and other costs. The enforceability of the same shall be ensured in line with FRBM Limit. The Government Guarantee shall be provided before first disbursement of the loan.

5. Government after careful examination here by extend the Government Guarantee for the loan of Rs. 2,746 Crores along with provision of interest on the loan for execution of Electro Mechanical Works & Transmission works (Sub stations and Lines) and associated Civil Works of YSR PALNADU DROUGHT MITIGATION PROJECT, with the following conditions

1. That the Government Guarantee is to be utilized / drawn within a period of One year from the date of issue of orders.
2. The Guarantee will be valid for the entire tenure of the loan period.
3. The Guarantee is extended only for the Principal part for the tenure of the loan.
4. Payment of 2% Guarantee Commission on the Guaranteed amount.
5. Submission of repayment schedule of Principal and Interest along with the details such as interest rate, tenure, moratorium period and the Guarantee Commission Challan at the time of Guarantee Deed Signing by the Finance Department.
6. The Government Guarantee shall come into force in the event of failure to pay the obligations to the lending institution by the Corporation.
7. The deed shall not be valid, unless it is signed by the authorized officer of the Finance Department, Government of Andhra Pradesh.
8. The interest rate shall be 10.60% p.a. & 10.35% p.a. on monthly rest during the construction period and post completion respectively, as per sanction letter.

6. The Managing Director, APWRDC shall taken further necessary action accordingly in the matter.

7. This order is issued with the concurrence of Finance Department vide their U.O. No. Fin U.O. No: FIN01 - FMU0PC (WR1) / 1 / 2021 – FMU – WR - I Dated:28-03-2021

(BY ORDER AND IN THE NAME OF GOVERNOR OF ANDHRA PRADESH)

SYAMALA RAO JAMJAM
SECRETARY TO GOVERNMENT

To
The Managing Director, APWRDC, Vijayawada
Copy to:
The Engineer-in-Chief (Irrigation), Vijayawada
The P.S. Hon'ble Minister (WRD)
Finance (C&DM) Dept
The PS to Secretary, WRD, AP Secretariat
Sf/Sc

//FORWARDED::BY ORDER//

SECTION OFFICER